

**SALES AND USE TAX MODIFICATIONS**

2020 GENERAL SESSION

STATE OF UTAH

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**LONG TITLE****General Description:**

This bill enacts sales and use tax exemptions.

**Highlighted Provisions:**

This bill:

- ▶ enacts a sales and use tax exemption for the purchase or lease of machinery, equipment, normal operating repair or replacement parts, or materials, except for office equipment or office supplies, by an oil and gas extraction establishment or a pipeline transportation establishment;
- ▶ expands the sales and use tax exemption for the state, its institutions, and its political subdivisions to include certain purchases by an electric generation and transmission facility;
- ▶ enacts a sales and use tax exemption for amounts paid or charged for construction, operation, maintenance, repair, or replacement of facilities owned by an electrical corporation; and
- ▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

**59-12-104**, as last amended by Laws of Utah 2019, Chapters 136 and 486

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **59-12-104** is amended to read:

**59-12-104. Exemptions.**

Exemptions from the taxes imposed by this chapter are as follows:

(1) sales of aviation fuel, motor fuel, and special fuel subject to a Utah state excise tax under Chapter 13, Motor and Special Fuel Tax Act;

(2) (a) subject to Section 59-12-104.6, sales to the state, its institutions, and its political subdivisions~~;~~ ~~however, this exemption does not apply to sales of:~~ except construction materials unless the construction materials are:

~~[(a) construction materials except:]~~

~~[(i) construction materials]~~

(i) (A) purchased by or on behalf of institutions of the public education system as defined in Utah Constitution, Article X, Section 2~~;~~ ~~provided the construction materials are~~; and

(B) clearly identified and segregated and installed or converted to real property which is owned by institutions of the public education system; ~~[and]~~ or

(ii) (A) ~~[construction materials]~~ purchased by the state, its institutions, or its political subdivisions ~~[which are]~~; and

(B) installed or converted to real property by employees of the state, its institutions, or its political subdivisions; ~~[or]~~ and

(b) ~~[tangible personal property in]~~ amounts paid by the state, its institutions, and its political subdivisions in connection with the construction, operation, maintenance, repair, or replacement of a project, as defined in Section 11-13-103, or facilities providing additional project capacity, as defined in Section 11-13-103;

(3) (a) sales of an item described in Subsection (3)(b) from a vending machine if:

(i) the proceeds of each sale do not exceed \$1; and

(ii) the seller or operator of the vending machine reports an amount equal to 150% of the cost of the item described in Subsection (3)(b) as goods consumed; and

(b) Subsection (3)(a) applies to:

(i) food and food ingredients; or

(ii) prepared food;

(4) (a) sales of the following to a commercial airline carrier for in-flight consumption:

(i) alcoholic beverages;

(ii) food and food ingredients; or

(iii) prepared food;

(b) sales of tangible personal property or a product transferred electronically:

(i) to a passenger;

(ii) by a commercial airline carrier; and

(iii) during a flight for in-flight consumption or in-flight use by the passenger; or

(c) services related to Subsection (4)(a) or (b);

~~[(5) (a) (i) beginning on July 1, 2008, and ending on September 30, 2008, sales of parts and equipment:]~~

~~[(A) (I) by an establishment described in NAICS Code 336411 or 336412 of the 2002 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget, and]~~

~~[(H) for:]~~

~~[(Aa) installation in an aircraft, including services relating to the installation of parts or equipment in the aircraft;]~~

~~[(Bb) renovation of an aircraft; or]~~

~~[(Cc) repair of an aircraft; or]~~

~~[(B) for installation in an aircraft operated by a common carrier in interstate or foreign commerce; or]~~

~~[(ii) beginning on October 1, 2008, sales of parts and equipment for installation in an aircraft operated by a common carrier in interstate or foreign commerce; and]~~

~~[(b) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund, a person may claim the exemption allowed by Subsection (5)(a)(i)(B) for a sale by filing for a refund:]~~

~~[(i) if the sale is made on or after July 1, 2008, but on or before September 30, 2008;]~~

~~[(ii) as if Subsection (5)(a)(i)(B) were in effect on the day on which the sale is made;]~~

~~[(iii) if the person did not claim the exemption allowed by Subsection (5)(a)(i)(B) for the sale prior to filing for the refund;]~~

~~[(iv) for sales and use taxes paid under this chapter on the sale;]~~

~~[(v) in accordance with Section 59-1-1410; and]~~

~~[(vi) subject to any extension allowed for filing for a refund under Section 59-1-1410, if the person files for the refund on or before September 30, 2011;]~~

(5) sales of parts and equipment for installation in an aircraft operated by a common

95 carrier in interstate or foreign commerce;

96 (6) sales of commercials, motion picture films, prerecorded audio program tapes or  
97 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture  
98 exhibitor, distributor, or commercial television or radio broadcaster;

99 (7) (a) except as provided in Subsection (85) and subject to Subsection (7)(b), sales of  
100 cleaning or washing of tangible personal property if the cleaning or washing of the tangible  
101 personal property is not assisted cleaning or washing of tangible personal property;

102 (b) if a seller that sells at the same business location assisted cleaning or washing of  
103 tangible personal property and cleaning or washing of tangible personal property that is not  
104 assisted cleaning or washing of tangible personal property, the exemption described in  
105 Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning  
106 or washing of the tangible personal property; and

107 (c) for purposes of Subsection (7)(b) and in accordance with Title 63G, Chapter 3,  
108 Utah Administrative Rulemaking Act, the commission may make rules:

109 (i) governing the circumstances under which sales are at the same business location;  
110 and

111 (ii) establishing the procedures and requirements for a seller to separately account for  
112 sales of assisted cleaning or washing of tangible personal property;

113 (8) sales made to or by religious or charitable institutions in the conduct of their regular  
114 religious or charitable functions and activities, if the requirements of Section 59-12-104.1 are  
115 fulfilled;

116 (9) sales of a vehicle of a type required to be registered under the motor vehicle laws of  
117 this state if the vehicle is:

118 (a) not registered in this state; and

119 (b) (i) not used in this state; or

120 (ii) used in this state:

121 (A) if the vehicle is not used to conduct business, for a time period that does not  
122 exceed the longer of:

123 (I) 30 days in any calendar year; or

124 (II) the time period necessary to transport the vehicle to the borders of this state; or

125 (B) if the vehicle is used to conduct business, for the time period necessary to transport

126 the vehicle to the borders of this state;

127 (10) (a) amounts paid for an item described in Subsection (10)(b) if:

128 (i) the item is intended for human use; and

129 (ii) (A) a prescription was issued for the item; or

130 (B) the item was purchased by a hospital or other medical facility; and

131 (b) (i) Subsection (10)(a) applies to:

132 (A) a drug;

133 (B) a syringe; or

134 (C) a stoma supply; and

135 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

136 commission may by rule define the terms:

137 (A) "syringe"; or

138 (B) "stoma supply";

139 (11) purchases or leases exempt under Section 19-12-201;

140 (12) (a) sales of an item described in Subsection (12)(c) served by:

141 (i) the following if the item described in Subsection (12)(c) is not available to the

142 general public:

143 (A) a church; or

144 (B) a charitable institution; or

145 (ii) an institution of higher education if:

146 (A) the item described in Subsection (12)(c) is not available to the general public; or

147 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan

148 offered by the institution of higher education; or

149 (b) sales of an item described in Subsection (12)(c) provided for a patient by:

150 (i) a medical facility; or

151 (ii) a nursing facility; and

152 (c) Subsections (12)(a) and (b) apply to:

153 (i) food and food ingredients;

154 (ii) prepared food; or

155 (iii) alcoholic beverages;

156 (13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property

157 or a product transferred electronically by a person:

158 (i) regardless of the number of transactions involving the sale of that tangible personal  
159 property or product transferred electronically by that person; and

160 (ii) not regularly engaged in the business of selling that type of tangible personal  
161 property or product transferred electronically;

162 (b) this Subsection (13) does not apply if:

163 (i) the sale is one of a series of sales of a character to indicate that the person is  
164 regularly engaged in the business of selling that type of tangible personal property or product  
165 transferred electronically;

166 (ii) the person holds that person out as regularly engaged in the business of selling that  
167 type of tangible personal property or product transferred electronically;

168 (iii) the person sells an item of tangible personal property or product transferred  
169 electronically that the person purchased as a sale that is exempt under Subsection (25); or

170 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of  
171 this state in which case the tax is based upon:

172 (A) the bill of sale or other written evidence of value of the vehicle or vessel being  
173 sold; or

174 (B) in the absence of a bill of sale or other written evidence of value, the fair market  
175 value of the vehicle or vessel being sold at the time of the sale as determined by the  
176 commission; and

177 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
178 commission shall make rules establishing the circumstances under which:

179 (i) a person is regularly engaged in the business of selling a type of tangible personal  
180 property or product transferred electronically;

181 (ii) a sale of tangible personal property or a product transferred electronically is one of  
182 a series of sales of a character to indicate that a person is regularly engaged in the business of  
183 selling that type of tangible personal property or product transferred electronically; or

184 (iii) a person holds that person out as regularly engaged in the business of selling a type  
185 of tangible personal property or product transferred electronically;

186 (14) amounts paid or charged for a purchase or lease of machinery, equipment, normal  
187 operating repair or replacement parts, or materials, except for office equipment or office

188 supplies, by:

189 (a) a manufacturing facility that:

190 (i) is located in the state; and

191 (ii) uses or consumes the machinery, equipment, normal operating repair or  
192 replacement parts, or materials:

193 (A) in the manufacturing process to manufacture an item sold as tangible personal  
194 property, as the commission may define that phrase in accordance with Title 63G, Chapter 3,  
195 Utah Administrative Rulemaking Act; or

196 (B) for a scrap recycler, to process an item sold as tangible personal property, as the  
197 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah  
198 Administrative Rulemaking Act;

199 (b) an establishment, as the commission defines that term in accordance with Title  
200 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

201 (i) is described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS  
202 Code 213113, Support Activities for Coal Mining, 213114, Support Activities for Metal  
203 Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining, of the  
204 2002 North American Industry Classification System of the federal Executive Office of the  
205 President, Office of Management and Budget;

206 (ii) is located in the state; and

207 (iii) uses or consumes the machinery, equipment, normal operating repair or  
208 replacement parts, or materials in:

209 (A) the production process to produce an item sold as tangible personal property, as the  
210 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah  
211 Administrative Rulemaking Act;

212 (B) research and development, as the commission may define that phrase in accordance  
213 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

214 (C) transporting, storing, or managing tailings, overburden, or similar waste materials  
215 produced from mining;

216 (D) developing or maintaining a road, tunnel, excavation, or similar feature used in  
217 mining; or

218 (E) preventing, controlling, or reducing dust or other pollutants from mining; [or]

(c) an establishment, as the commission defines that term in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

(i) is described in NAICS Code 518112, Web Search Portals, of the 2002 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget;

(ii) is located in the state; and

(iii) uses or consumes the machinery, equipment, normal operating repair or replacement parts, or materials in the operation of the web search portal; or

(d) an establishment, as the commission defines that term in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

(i) is described in NAICS Subsection 211, Oil and Gas Extraction, NAICS Code 213111, Drilling Oil and Gas Wells, NAICS Code 213112, Support Activities for Oil and Gas Operations, NAICS Code 486110, Pipeline Transportation of Crude Oil, NAICS Code 486210, Pipeline Transportation of Natural Gas, or NAICS Code 486910, Pipeline Transportation of Refined Petroleum Products, of the 2017 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget;

(ii) is located in the state; and

(iii) uses or consumes the machinery, equipment, normal operating repair or replacement parts, or materials in:

(A) the production process to produce an item sold as tangible personal property, as the commission may define that phrase in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

(B) research and development, as the commission may define that phrase in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

(C) transporting, storing, or managing crude oil, natural gas, or refined petroleum products;

(D) developing or maintaining a road, tunnel, excavation, or similar feature used in oil or gas extraction or pipeline transportation; or

(E) preventing, controlling, or reducing dust or other pollutants from oil or gas extraction or pipeline transportation.

(15) (a) sales of the following if the requirements of Subsection (15)(b) are met:



250 (i) tooling;

251 (ii) special tooling;

252 (iii) support equipment;

253 (iv) special test equipment; or

254 (v) parts used in the repairs or renovations of tooling or equipment described in

255 Subsections (15)(a)(i) through (iv); and

256 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:

257 (i) the tooling, equipment, or parts are used or consumed exclusively in the

258 performance of any aerospace or electronics industry contract with the United States

259 government or any subcontract under that contract; and

260 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),

261 title to the tooling, equipment, or parts is vested in the United States government as evidenced

262 by:

263 (A) a government identification tag placed on the tooling, equipment, or parts; or

264 (B) listing on a government-approved property record if placing a government

265 identification tag on the tooling, equipment, or parts is impractical;

266 (16) sales of newspapers or newspaper subscriptions;

267 (17) (a) except as provided in Subsection (17)(b), tangible personal property or a

268 product transferred electronically traded in as full or part payment of the purchase price, except

269 that for purposes of calculating sales or use tax upon vehicles not sold by a vehicle dealer,

270 trade-ins are limited to other vehicles only, and the tax is based upon:

271 (i) the bill of sale or other written evidence of value of the vehicle being sold and the

272 vehicle being traded in; or

273 (ii) in the absence of a bill of sale or other written evidence of value, the then existing

274 fair market value of the vehicle being sold and the vehicle being traded in, as determined by the

275 commission; and

276 (b) Subsection (17)(a) does not apply to the following items of tangible personal

277 property or products transferred electronically traded in as full or part payment of the purchase

278 price:

279 (i) money;

280 (ii) electricity;

281 (iii) water;  
282 (iv) gas; or  
283 (v) steam;

284 (18) (a) (i) except as provided in Subsection (18)(b), sales of tangible personal property  
285 or a product transferred electronically used or consumed primarily and directly in farming  
286 operations, regardless of whether the tangible personal property or product transferred  
287 electronically:

288 (A) becomes part of real estate; or  
289 (B) is installed by a:

290 (I) farmer;  
291 (II) contractor; or  
292 (III) subcontractor; or

293 (ii) sales of parts used in the repairs or renovations of tangible personal property or a  
294 product transferred electronically if the tangible personal property or product transferred  
295 electronically is exempt under Subsection (18)(a)(i); and

296 (b) amounts paid or charged for the following are subject to the taxes imposed by this  
297 chapter:

298 (i) (A) subject to Subsection (18)(b)(i)(B), machinery, equipment, materials, or  
299 supplies if used in a manner that is incidental to farming; and

300 (B) tangible personal property that is considered to be used in a manner that is  
301 incidental to farming includes:

302 (I) hand tools; or  
303 (II) maintenance and janitorial equipment and supplies;

304 (ii) (A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product  
305 transferred electronically if the tangible personal property or product transferred electronically  
306 is used in an activity other than farming; and

307 (B) tangible personal property or a product transferred electronically that is considered  
308 to be used in an activity other than farming includes:

309 (I) office equipment and supplies; or  
310 (II) equipment and supplies used in:

311 (Aa) the sale or distribution of farm products;

312 (Bb) research; or  
313 (Cc) transportation; or  
314 (iii) a vehicle required to be registered by the laws of this state during the period  
315 ending two years after the date of the vehicle's purchase;  
316 (19) sales of hay;  
317 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or  
318 garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or  
319 garden, farm, or other agricultural produce is sold by:  
320 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other  
321 agricultural produce;  
322 (b) an employee of the producer described in Subsection (20)(a); or  
323 (c) a member of the immediate family of the producer described in Subsection (20)(a);  
324 (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued  
325 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;  
326 (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,  
327 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,  
328 wholesaler, or retailer for use in packaging tangible personal property to be sold by that  
329 manufacturer, processor, wholesaler, or retailer;  
330 (23) a product stored in the state for resale;  
331 (24) (a) purchases of a product if:  
332 (i) the product is:  
333 (A) purchased outside of this state;  
334 (B) brought into this state:  
335 (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and  
336 (II) by a nonresident person who is not living or working in this state at the time of the  
337 purchase;  
338 (C) used for the personal use or enjoyment of the nonresident person described in  
339 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and  
340 (D) not used in conducting business in this state; and  
341 (ii) for:  
342 (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use of

343 the product for a purpose for which the product is designed occurs outside of this state;  
344 (B) a boat, the boat is registered outside of this state; or  
345 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered  
346 outside of this state;  
347 (b) the exemption provided for in Subsection (24)(a) does not apply to:  
348 (i) a lease or rental of a product; or  
349 (ii) a sale of a vehicle exempt under Subsection (33); and  
350 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for  
351 purposes of Subsection (24)(a), the commission may by rule define what constitutes the  
352 following:  
353 (i) conducting business in this state if that phrase has the same meaning in this  
354 Subsection (24) as in Subsection (63);  
355 (ii) the first use of a product if that phrase has the same meaning in this Subsection (24)  
356 as in Subsection (63); or  
357 (iii) a purpose for which a product is designed if that phrase has the same meaning in  
358 this Subsection (24) as in Subsection (63);  
359 (25) a product purchased for resale in the regular course of business, either in its  
360 original form or as an ingredient or component part of a manufactured or compounded product;  
361 (26) a product upon which a sales or use tax was paid to some other state, or one of its  
362 subdivisions, except that the state shall be paid any difference between the tax paid and the tax  
363 imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if  
364 the tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax  
365 Act;  
366 (27) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a  
367 person for use in compounding a service taxable under the subsections;  
368 (28) purchases made in accordance with the special supplemental nutrition program for  
369 women, infants, and children established in 42 U.S.C. Sec. 1786;  
370 (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other  
371 replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code  
372 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of  
373 the President, Office of Management and Budget;

(30) sales of a boat of a type required to be registered under Title 73, Chapter 18, State Boating Act, a boat trailer, or an outboard motor if the boat, boat trailer, or outboard motor is:

(a) not registered in this state; and

(b) (i) not used in this state; or

(ii) used in this state:

(A) if the boat, boat trailer, or outboard motor is not used to conduct business, for a time period that does not exceed the longer of:

(I) 30 days in any calendar year; or

(II) the time period necessary to transport the boat, boat trailer, or outboard motor to the borders of this state; or

(B) if the boat, boat trailer, or outboard motor is used to conduct business, for the time period necessary to transport the boat, boat trailer, or outboard motor to the borders of this state;

(31) sales of aircraft manufactured in Utah;

(32) amounts paid for the purchase of telecommunications service for purposes of providing telecommunications service;

(33) sales, leases, or uses of the following:

(a) a vehicle by an authorized carrier; or

(b) tangible personal property that is installed on a vehicle:

(i) sold or leased to or used by an authorized carrier; and

(ii) before the vehicle is placed in service for the first time;

(34) (a) 45% of the sales price of any new manufactured home; and

(b) 100% of the sales price of any used manufactured home;

(35) sales relating to schools and fundraising sales;

(36) sales or rentals of durable medical equipment if:

(a) a person presents a prescription for the durable medical equipment; and

(b) the durable medical equipment is used for home use only;

(37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in Section 72-11-102; and

(b) the commission shall by rule determine the method for calculating sales exempt under Subsection (37)(a) that are not separately metered and accounted for in utility billings;

405 (38) sales to a ski resort of:  
406 (a) snowmaking equipment;  
407 (b) ski slope grooming equipment;  
408 (c) passenger ropeways as defined in Section 72-11-102; or  
409 (d) parts used in the repairs or renovations of equipment or passenger ropeways  
410 described in Subsections (38)(a) through (c);  
411 (39) sales of natural gas, electricity, heat, coal, fuel oil, or other fuels for industrial use;  
412 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for  
413 amusement, entertainment, or recreation an unassisted amusement device as defined in Section  
414 59-12-102;  
415 (b) if a seller that sells or rents at the same business location the right to use or operate  
416 for amusement, entertainment, or recreation one or more unassisted amusement devices and  
417 one or more assisted amusement devices, the exemption described in Subsection (40)(a)  
418 applies if the seller separately accounts for the sales or rentals of the right to use or operate for  
419 amusement, entertainment, or recreation for the assisted amusement devices; and  
420 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3,  
421 Utah Administrative Rulemaking Act, the commission may make rules:  
422 (i) governing the circumstances under which sales are at the same business location;  
423 and  
424 (ii) establishing the procedures and requirements for a seller to separately account for  
425 the sales or rentals of the right to use or operate for amusement, entertainment, or recreation for  
426 assisted amusement devices;  
427 (41) (a) sales of photocopies by:  
428 (i) a governmental entity; or  
429 (ii) an entity within the state system of public education, including:  
430 (A) a school; or  
431 (B) the State Board of Education; or  
432 (b) sales of publications by a governmental entity;  
433 (42) amounts paid for admission to an athletic event at an institution of higher  
434 education that is subject to the provisions of Title IX of the Education Amendments of 1972,  
435 20 U.S.C. Sec. 1681 et seq.;

- 436 (43) (a) sales made to or by:
- 437 (i) an area agency on aging; or
- 438 (ii) a senior citizen center owned by a county, city, or town; or
- 439 (b) sales made by a senior citizen center that contracts with an area agency on aging;
- 440 (44) sales or leases of semiconductor fabricating, processing, research, or development
- 441 materials regardless of whether the semiconductor fabricating, processing, research, or
- 442 development materials:
- 443 (a) actually come into contact with a semiconductor; or
- 444 (b) ultimately become incorporated into real property;
- 445 (45) an amount paid by or charged to a purchaser for accommodations and services
- 446 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section
- 447 59-12-104.2;
- 448 (46) ~~[beginning on September 1, 2001,]~~ the lease or use of a vehicle issued a temporary
- 449 sports event registration certificate in accordance with Section 41-3-306 for the event period
- 450 specified on the temporary sports event registration certificate;
- 451 (47) (a) sales or uses of electricity, if the sales or uses are made under a retail tariff
- 452 adopted by the Public Service Commission only for purchase of electricity produced from a
- 453 new alternative energy source built after January 1, 2016, as designated in the tariff by the
- 454 Public Service Commission; and
- 455 (b) for a residential use customer only, the exemption under Subsection (47)(a) applies
- 456 only to the portion of the tariff rate a customer pays under the tariff described in Subsection
- 457 (47)(a) that exceeds the tariff rate under the tariff described in Subsection (47)(a) that the
- 458 customer would have paid absent the tariff;
- 459 (48) sales or rentals of mobility enhancing equipment if a person presents a
- 460 prescription for the mobility enhancing equipment;
- 461 (49) sales of water in a:
- 462 (a) pipe;
- 463 (b) conduit;
- 464 (c) ditch; or
- 465 (d) reservoir;
- 466 (50) sales of currency or coins that constitute legal tender of a state, the United States,

467 or a foreign nation;

468 (51) (a) sales of an item described in Subsection (51)(b) if the item:

469 (i) does not constitute legal tender of a state, the United States, or a foreign nation; and

470 (ii) has a gold, silver, or platinum content of 50% or more; and

471 (b) Subsection (51)(a) applies to a gold, silver, or platinum:

472 (i) ingot;

473 (ii) bar;

474 (iii) medallion; or

475 (iv) decorative coin;

476 (52) amounts paid on a sale-leaseback transaction;

477 (53) sales of a prosthetic device:

478 (a) for use on or in a human; and

479 (b) (i) for which a prescription is required; or

480 (ii) if the prosthetic device is purchased by a hospital or other medical facility;

481 (54) (a) except as provided in Subsection (54)(b), purchases, leases, or rentals of

482 machinery or equipment by an establishment described in Subsection (54)(c) if the machinery

483 or equipment is primarily used in the production or postproduction of the following media for

484 commercial distribution:

485 (i) a motion picture;

486 (ii) a television program;

487 (iii) a movie made for television;

488 (iv) a music video;

489 (v) a commercial;

490 (vi) a documentary; or

491 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the

492 commission by administrative rule made in accordance with Subsection (54)(d); or

493 (b) purchases, leases, or rentals of machinery or equipment by an establishment

494 described in Subsection (54)(c) that is used for the production or postproduction of the

495 following are subject to the taxes imposed by this chapter:

496 (i) a live musical performance;

497 (ii) a live news program; or



498 (iii) a live sporting event;

499 (c) the following establishments listed in the 1997 North American Industry

500 Classification System of the federal Executive Office of the President, Office of Management

501 and Budget, apply to Subsections (54)(a) and (b):

502 (i) NAICS Code 512110; or

503 (ii) NAICS Code 51219; and

504 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

505 commission may by rule:

506 (i) prescribe what constitutes a medium similar to Subsections (54)(a)(i) through (vi);

507 or

508 (ii) define:

509 (A) "commercial distribution";

510 (B) "live musical performance";

511 (C) "live news program"; or

512 (D) "live sporting event";

513 (55) (a) leases of seven or more years or purchases made on or after July 1, 2004, but

514 on or before June 30, 2027, of tangible personal property that:

515 (i) is leased or purchased for or by a facility that:

516 (A) is an alternative energy electricity production facility;

517 (B) is located in the state; and

518 (C) (I) becomes operational on or after July 1, 2004; or

519 (II) has its generation capacity increased by one or more megawatts on or after July 1,

520 2004, as a result of the use of the tangible personal property;

521 (ii) has an economic life of five or more years; and

522 (iii) is used to make the facility or the increase in capacity of the facility described in

523 Subsection (55)(a)(i) operational up to the point of interconnection with an existing

524 transmission grid including:

525 (A) a wind turbine;

526 (B) generating equipment;

527 (C) a control and monitoring system;

528 (D) a power line;

529 (E) substation equipment;  
530 (F) lighting;  
531 (G) fencing;  
532 (H) pipes; or  
533 (I) other equipment used for locating a power line or pole; and  
534 (b) this Subsection (55) does not apply to:  
535 (i) tangible personal property used in construction of:  
536 (A) a new alternative energy electricity production facility; or  
537 (B) the increase in the capacity of an alternative energy electricity production facility;  
538 (ii) contracted services required for construction and routine maintenance activities;  
539 and  
540 (iii) unless the tangible personal property is used or acquired for an increase in capacity  
541 of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal property used or  
542 acquired after:  
543 (A) the alternative energy electricity production facility described in Subsection  
544 (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or  
545 (B) the increased capacity described in Subsection (55)(a)(i) is operational as described  
546 in Subsection (55)(a)(iii);  
547 (56) (a) leases of seven or more years or purchases made on or after July 1, 2004, but  
548 on or before June 30, 2027, of tangible personal property that:  
549 (i) is leased or purchased for or by a facility that:  
550 (A) is a waste energy production facility;  
551 (B) is located in the state; and  
552 (C) (I) becomes operational on or after July 1, 2004; or  
553 (II) has its generation capacity increased by one or more megawatts on or after July 1,  
554 2004, as a result of the use of the tangible personal property;  
555 (ii) has an economic life of five or more years; and  
556 (iii) is used to make the facility or the increase in capacity of the facility described in  
557 Subsection (56)(a)(i) operational up to the point of interconnection with an existing  
558 transmission grid including:  
559 (A) generating equipment;

560 (B) a control and monitoring system;  
561 (C) a power line;  
562 (D) substation equipment;  
563 (E) lighting;  
564 (F) fencing;  
565 (G) pipes; or  
566 (H) other equipment used for locating a power line or pole; and  
567 (b) this Subsection (56) does not apply to:  
568 (i) tangible personal property used in construction of:  
569 (A) a new waste energy facility; or  
570 (B) the increase in the capacity of a waste energy facility;  
571 (ii) contracted services required for construction and routine maintenance activities;  
572 and  
573 (iii) unless the tangible personal property is used or acquired for an increase in capacity  
574 described in Subsection (56)(a)(i)(C)(II), tangible personal property used or acquired after:  
575 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as  
576 described in Subsection (56)(a)(iii); or  
577 (B) the increased capacity described in Subsection (56)(a)(i) is operational as described  
578 in Subsection (56)(a)(iii);  
579 (57) (a) leases of five or more years or purchases made on or after July 1, 2004, but on  
580 or before June 30, 2027, of tangible personal property that:  
581 (i) is leased or purchased for or by a facility that:  
582 (A) is located in the state;  
583 (B) produces fuel from alternative energy, including:  
584 (I) methanol; or  
585 (II) ethanol; and  
586 (C) (I) becomes operational on or after July 1, 2004; or  
587 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as  
588 a result of the installation of the tangible personal property;  
589 (ii) has an economic life of five or more years; and  
590 (iii) is installed on the facility described in Subsection (57)(a)(i);

(b) this Subsection (57) does not apply to:

(i) tangible personal property used in construction of:

(A) a new facility described in Subsection (57)(a)(i); or

(B) the increase in capacity of the facility described in Subsection (57)(a)(i); or

(ii) contracted services required for construction and routine maintenance activities;

and

(iii) unless the tangible personal property is used or acquired for an increase in capacity described in Subsection (57)(a)(i)(C)(II), tangible personal property used or acquired after:

(A) the facility described in Subsection (57)(a)(i) is operational; or

(B) the increased capacity described in Subsection (57)(a)(i) is operational;

(58) (a) subject to Subsection (58)(b) ~~[or (c);]~~ sales of tangible personal property or a product transferred electronically to a person within this state if that tangible personal property or product transferred electronically is subsequently shipped outside the state and incorporated pursuant to contract into and becomes a part of real property located outside of this state; and

(b) the exemption under Subsection (58)(a) is not allowed to the extent that the other state or political entity to which the tangible personal property is shipped imposes a sales, use, gross receipts, or other similar transaction excise tax on the transaction against which the other state or political entity allows a credit for sales and use taxes imposed by this chapter; ~~[and]~~

~~[(c) notwithstanding the time period of Subsection 59-1-1410(8) for filing for a refund, a person may claim the exemption allowed by this Subsection (58) for a sale by filing for a refund;]~~

~~[(i) if the sale is made on or after July 1, 2004, but on or before June 30, 2008;]~~

~~[(ii) as if this Subsection (58) as in effect on July 1, 2008, were in effect on the day on which the sale is made;]~~

~~[(iii) if the person did not claim the exemption allowed by this Subsection (58) for the sale prior to filing for the refund;]~~

~~[(iv) for sales and use taxes paid under this chapter on the sale;]~~

~~[(v) in accordance with Section 59-1-1410; and]~~

~~[(vi) subject to any extension allowed for filing for a refund under Section 59-1-1410, if the person files for the refund on or before June 30, 2011;]~~

(59) purchases:

- 622 (a) of one or more of the following items in printed or electronic format:
- 623 (i) a list containing information that includes one or more[~~:(A) names; or (B)~~  
624 ~~addresses; or~~] names or addresses; or
- 625 (ii) a database containing information that includes one or more[~~:(A) names; or (B)~~  
626 ~~addresses; and~~] names or addresses; and
- 627 (b) used to send direct mail;
- 628 (60) redemptions or repurchases of a product by a person if that product was:
- 629 (a) delivered to a pawnbroker as part of a pawn transaction; and
- 630 (b) redeemed or repurchased within the time period established in a written agreement  
631 between the person and the pawnbroker for redeeming or repurchasing the product;
- 632 (61) (a) purchases or leases of an item described in Subsection (61)(b) if the item:
- 633 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;  
634 and
- 635 (ii) has a useful economic life of one or more years; and
- 636 (b) the following apply to Subsection (61)(a):
- 637 (i) telecommunications enabling or facilitating equipment, machinery, or software;
- 638 (ii) telecommunications equipment, machinery, or software required for 911 service;
- 639 (iii) telecommunications maintenance or repair equipment, machinery, or software;
- 640 (iv) telecommunications switching or routing equipment, machinery, or software; or
- 641 (v) telecommunications transmission equipment, machinery, or software;
- 642 (62) (a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible  
643 personal property or a product transferred electronically that are used in the research and  
644 development of alternative energy technology; and
- 645 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
646 commission may, for purposes of Subsection (62)(a), make rules defining what constitutes  
647 purchases of tangible personal property or a product transferred electronically that are used in  
648 the research and development of alternative energy technology;
- 649 (63) (a) purchases of tangible personal property or a product transferred electronically  
650 if:
- 651 (i) the tangible personal property or product transferred electronically is:
- 652 (A) purchased outside of this state;

653 (B) brought into this state at any time after the purchase described in Subsection  
654 (63)(a)(i)(A); and  
655 (C) used in conducting business in this state; and  
656 (ii) for:  
657 (A) tangible personal property or a product transferred electronically other than the  
658 tangible personal property described in Subsection (63)(a)(ii)(B), the first use of the property  
659 for a purpose for which the property is designed occurs outside of this state; or  
660 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered  
661 outside of this state;  
662 (b) the exemption provided for in Subsection (63)(a) does not apply to:  
663 (i) a lease or rental of tangible personal property or a product transferred electronically;  
664 or  
665 (ii) a sale of a vehicle exempt under Subsection (33); and  
666 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for  
667 purposes of Subsection (63)(a), the commission may by rule define what constitutes the  
668 following:  
669 (i) conducting business in this state if that phrase has the same meaning in this  
670 Subsection (63) as in Subsection (24);  
671 (ii) the first use of tangible personal property or a product transferred electronically if  
672 that phrase has the same meaning in this Subsection (63) as in Subsection (24); or  
673 (iii) a purpose for which tangible personal property or a product transferred  
674 electronically is designed if that phrase has the same meaning in this Subsection (63) as in  
675 Subsection (24);  
676 (64) sales of disposable home medical equipment or supplies if:  
677 (a) a person presents a prescription for the disposable home medical equipment or  
678 supplies;  
679 (b) the disposable home medical equipment or supplies are used exclusively by the  
680 person to whom the prescription described in Subsection (64)(a) is issued; and  
681 (c) the disposable home medical equipment and supplies are listed as eligible for  
682 payment under:  
683 (i) Title XVIII, federal Social Security Act; or

684 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;  
685 (65) sales:  
686 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit  
687 District Act; or  
688 (b) of tangible personal property to a subcontractor of a public transit district, if the  
689 tangible personal property is:  
690 (i) clearly identified; and  
691 (ii) installed or converted to real property owned by the public transit district;  
692 (66) sales of construction materials:  
693 (a) purchased on or after July 1, 2010;  
694 (b) purchased by, on behalf of, or for the benefit of an international airport:  
695 (i) located within a county of the first class; and  
696 (ii) that has a United States customs office on its premises; and  
697 (c) if the construction materials are:  
698 (i) clearly identified;  
699 (ii) segregated; and  
700 (iii) installed or converted to real property:  
701 (A) owned or operated by the international airport described in Subsection (66)(b); and  
702 (B) located at the international airport described in Subsection (66)(b);  
703 (67) sales of construction materials:  
704 (a) purchased on or after July 1, 2008;  
705 (b) purchased by, on behalf of, or for the benefit of a new airport:  
706 (i) located within a county of the second class; and  
707 (ii) that is owned or operated by a city in which an airline as defined in Section  
708 59-2-102 is headquartered; and  
709 (c) if the construction materials are:  
710 (i) clearly identified;  
711 (ii) segregated; and  
712 (iii) installed or converted to real property:  
713 (A) owned or operated by the new airport described in Subsection (67)(b);  
714 (B) located at the new airport described in Subsection (67)(b); and

715 (C) as part of the construction of the new airport described in Subsection (67)(b);  
716 (68) sales of fuel to a common carrier that is a railroad for use in a locomotive engine;  
717 (69) purchases and sales described in Section 63H-4-111;  
718 (70) (a) sales of tangible personal property to an aircraft maintenance, repair, and  
719 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of  
720 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration  
721 lists a state or country other than this state as the location of registry of the fixed wing turbine  
722 powered aircraft; or  
723 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul  
724 provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of  
725 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration  
726 lists a state or country other than this state as the location of registry of the fixed wing turbine  
727 powered aircraft;  
728 (71) subject to Section 59-12-104.4, sales of a textbook for a higher education course:  
729 (a) to a person admitted to an institution of higher education; and  
730 (b) by a seller, other than a bookstore owned by an institution of higher education, if  
731 51% or more of that seller's sales revenue for the previous calendar quarter are sales of a  
732 textbook for a higher education course;  
733 (72) a license fee or tax a municipality imposes in accordance with Subsection  
734 10-1-203(5) on a purchaser from a business for which the municipality provides an enhanced  
735 level of municipal services;  
736 (73) amounts paid or charged for construction materials used in the construction of a  
737 new or expanding life science research and development facility in the state, if the construction  
738 materials are:  
739 (a) clearly identified;  
740 (b) segregated; and  
741 (c) installed or converted to real property;  
742 (74) amounts paid or charged for:  
743 (a) a purchase or lease of machinery and equipment that:  
744 (i) are used in performing qualified research:  
745 (A) as defined in Section 41(d), Internal Revenue Code; and



746 (B) in the state; and  
747 (ii) have an economic life of three or more years; and  
748 (b) normal operating repair or replacement parts:  
749 (i) for the machinery and equipment described in Subsection (74)(a); and  
750 (ii) that have an economic life of three or more years;  
751 (75) a sale or lease of tangible personal property used in the preparation of prepared  
752 food if:  
753 (a) for a sale:  
754 (i) the ownership of the seller and the ownership of the purchaser are identical; and  
755 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that  
756 tangible personal property prior to making the sale; or  
757 (b) for a lease:  
758 (i) the ownership of the lessor and the ownership of the lessee are identical; and  
759 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible  
760 personal property prior to making the lease;  
761 (76) (a) purchases of machinery or equipment if:  
762 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,  
763 Gambling, and Recreation Industries, of the 2012 North American Industry Classification  
764 System of the federal Executive Office of the President, Office of Management and Budget;  
765 (ii) the machinery or equipment:  
766 (A) has an economic life of three or more years; and  
767 (B) is used by one or more persons who pay admission or user fees described in  
768 Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment; and  
769 (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:  
770 (A) amounts paid or charged as admission or user fees described in Subsection  
771 59-12-103(1)(f); and  
772 (B) subject to taxation under this chapter; and  
773 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
774 commission may make rules for verifying that 51% of a purchaser's sales revenue for the  
775 previous calendar quarter is:  
776 (i) amounts paid or charged as admission or user fees described in Subsection

777 59-12-103(1)(f); and  
778 (ii) subject to taxation under this chapter;  
779 (77) purchases of a short-term lodging consumable by a business that provides  
780 accommodations and services described in Subsection 59-12-103(1)(i);  
781 (78) amounts paid or charged to access a database:  
782 (a) if the primary purpose for accessing the database is to view or retrieve information  
783 from the database; and  
784 (b) not including amounts paid or charged for a:  
785 (i) digital audiowork;  
786 (ii) digital audio-visual work; or  
787 (iii) digital book;  
788 (79) amounts paid or charged for a purchase or lease made by an electronic financial  
789 payment service, of:  
790 (a) machinery and equipment that:  
791 (i) are used in the operation of the electronic financial payment service; and  
792 (ii) have an economic life of three or more years; and  
793 (b) normal operating repair or replacement parts that:  
794 (i) are used in the operation of the electronic financial payment service; and  
795 (ii) have an economic life of three or more years;  
796 (80) ~~[beginning on April 1, 2013,]~~ sales of a fuel cell as defined in Section 54-15-102;  
797 (81) amounts paid or charged for a purchase or lease of tangible personal property or a  
798 product transferred electronically if the tangible personal property or product transferred  
799 electronically:  
800 (a) is stored, used, or consumed in the state; and  
801 (b) is temporarily brought into the state from another state:  
802 (i) during a disaster period as defined in Section 53-2a-1202;  
803 (ii) by an out-of-state business as defined in Section 53-2a-1202;  
804 (iii) for a declared state disaster or emergency as defined in Section 53-2a-1202; and  
805 (iv) for disaster- or emergency-related work as defined in Section 53-2a-1202;  
806 (82) sales of goods and services at a morale, welfare, and recreation facility, as defined  
807 in Section 39-9-102, made pursuant to Title 39, Chapter 9, State Morale, Welfare, and

808 Recreation Program;

809 (83) amounts paid or charged for a purchase or lease of molten magnesium;

810 (84) amounts paid or charged for a purchase or lease made by a qualifying enterprise

811 data center of machinery, equipment, or normal operating repair or replacement parts, if the

812 machinery, equipment, or normal operating repair or replacement parts:

813 (a) are used in the operation of the establishment; and

814 (b) have an economic life of one or more years;

815 (85) sales of cleaning or washing of a vehicle, except for cleaning or washing of a

816 vehicle that includes cleaning or washing of the interior of the vehicle;

817 (86) amounts paid or charged for a purchase or lease of machinery, equipment, normal

818 operating repair or replacement parts, catalysts, chemicals, reagents, solutions, or supplies used

819 or consumed:

820 (a) by a refiner who owns, leases, operates, controls, or supervises a refinery as defined

821 in Section 63M-4-701 located in the state;

822 (b) if the machinery, equipment, normal operating repair or replacement parts,

823 catalysts, chemicals, reagents, solutions, or supplies are used or consumed in:

824 (i) the production process to produce gasoline or diesel fuel, or at which blendstock is

825 added to gasoline or diesel fuel;

826 (ii) research and development;

827 (iii) transporting, storing, or managing raw materials, work in process, finished

828 products, and waste materials produced from refining gasoline or diesel fuel, or adding

829 blendstock to gasoline or diesel fuel;

830 (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in

831 refining; or

832 (v) preventing, controlling, or reducing pollutants from refining; and

833 (c) beginning on July 1, 2021, if the person has obtained a form certified by the Office

834 of Energy Development under Subsection 63M-4-702(2);

835 (87) amounts paid to or charged by a proprietor for accommodations and services, as

836 defined in Section 63H-1-205, if the proprietor is subject to the MIDA accommodations tax

837 imposed under Section 63H-1-205;

838 (88) amounts paid or charged for a purchase or lease of machinery, equipment, normal

839 operating repair or replacement parts, or materials, except for office equipment or office  
840 supplies, by an establishment, as the commission defines that term in accordance with Title  
841 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

842 (a) is described in NAICS Code 621511, Medical Laboratories, of the 2017 North  
843 American Industry Classification System of the federal Executive Office of the President,  
844 Office of Management and Budget;

845 (b) is located in this state; and

846 (c) uses the machinery, equipment, normal operating repair or replacement parts, or  
847 materials in the operation of the establishment; ~~and~~

848 (89) amounts paid or charged for an item exempt under Section 59-12-104.10[-]; and

849 (90) amounts paid or charged in connection with the construction, operation,  
850 maintenance, repair, or replacement of facilities owned by an electrical corporation as defined  
851 in Section 54-2-1.

852 Section 2. **Effective date.**

853 This bill takes effect on July 1, 2020.